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Lloyds Bank Limited

MONTHLY REVIEW

MARCH 1938



Lloyds Bank Limited

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** *The Bank publishes from time to time in this MONTHLY REVIEW signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles. A complementary article on the question discussed below will appear in this REVIEW shortly.*

The Short-term Budget Problem

By T. Balogh

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I

THE British rearmament programme, which to-day dominates the problem of the national finances, was decided upon at a time when, judged by any of the usual standards, recovery was already well advanced. Its urgency did not permit considerations of an economic character to determine either its extent or timing. Consequently the productive system was, at the beginning of last year, rather suddenly subjected to an excessive demand and considerable strain. During recent months, on the other hand, recovery has received a definite check, for the first time in five years. Some experts believe that this set-back may be the prelude to continued recession, and these opinions in themselves have had an adverse psychological influence. There is no need to admit the validity of these warnings or to assume that the country is on the threshold of a serious depression. It may be useful, however, to consider the coming Budget in the light of these developments.

II

What was the effect of rearmament on our national finances, and what are its implications on the general economic position of the country? A retrospect over the past seven years suggests that the prosperity which England has enjoyed since 1932 was due to a combination of good fortune, the exceptional position of this country in the world economic system and the monetary policy pursued. The vicious circle of deflation, which previously had held the country in its grip, and which continued abroad, was broken. One important consequence of this was that the effort made to balance the Budget in the midst of the crisis was successful, for by 1934 the expansion in the national income and therefore in tax revenue had reached the point where remissions of both economy cuts and of taxation could be granted. Further concessions were made the following year. More important still, the first appreciable increase in the cost of defence was met out of the growth in revenue, due to more active trade, and only entailed some reduction in the amount allocated to debt redemption. The general economic trend continued hopeful, and there was good ground for expecting still further expansion in the tax revenue. The tax remissions increased the purchasing power of the general public and so appeared likely to bring about a further expansion in national income. This was an argument in favour of some postponement of debt redemption, pending the development of more favourable circumstances at a later date. This argument gained in force from the fact that the bulk of the possible debt conversion operations had already been carried through, and confidence in the national credit was firmly established.

Then came the decision to expand the rearmament programme. This decision altered the outlook. Though national income continued to expand at an increasing rate, the consequential increase in tax revenue was no longer sufficient to keep pace with the growth in expenditure. The rate of both direct and indirect taxation had to be increased in the budgets of 1936-37 and 1937-38, and taxation already stands at levels only exceeded during the Great War. All prospects of taking advantage of the recent period of prosperity and buoyant revenue to effect a substantial reduction in the National Debt have disappeared, and with them any opportunity for preparing, from the budget point of view, for a possible

recession in trade. Debt redemption has, in the last Budget, given place to new borrowing, and further loan expenditure is envisaged.

In one sentence the need for rearmament has nullified, from the Exchequer's point of view, most of the gains from the expansion by one-third in the national income since 1932. National expenditure has risen now from £718 to £943 millions. It represents now over 20 per cent. of an estimated national income of £4,300 millions to £4,500 millions.*

Disappointing as this development is, it need not arouse any acute misgivings. It is true that any increase in expenditure or decrease in the revenue yield would to-day find the authorities with a smaller reserve of tax power in hand than they had at the beginning of the depression of 1929. Nevertheless, the implications of this fact are less disturbing than they appear to be on the surface. A budget deficit would only constitute an immediate threat to the internal monetary stability of the country if it proved greater than the volume of savings, under conditions of full employment for the capital and labour resources of the country. In that event a vicious spiral of inflation would originate until consumption was reduced sufficiently to make room for the new rearmament demand upon the country's productive capacity. There would, in fact, be a forced readjustment of real incomes, so that the nation as a whole would consume less. As such a readjustment would involve certain risks, a strong case could be made out either for economies in Government civilian expenditure, or a curtailment of consumption effected by an increase in taxation.

If, however, the volume of savings proves to be in excess of the Budget deficit, then its main effect will be to divert a portion of those savings into Government loans and so into financing rearmament. There need be no reduction in current consumption, but on the contrary it can continue to expand. For after the Government's needs have been met there will remain a balance of savings available for an increase, though at a reduced rate, in the country's productive capacity.

Reassuring as these considerations may be, it must not be forgotten that even if the rate of savings is bigger than the budget deficit, the substitution of rearmament in place of

* Including the former Road Fund revenues but excluding the Post Office. The estimate of national income is based on Mr. C. G. Clark's calculations, but indirect taxation has been excluded.

private investment is likely to result in temporary complications. When more or less full employment obtains (and this was the case in England in the middle of 1936) savings are not remaining idle, but are being utilised for civilian investment purposes. The new Government needs can, therefore, only be accommodated without inflation if civilian investment is sufficiently reduced, either by restrictive banking policy, by tax measures or by direct discouragement. Such interference with investment activity might, however, under unfavourable circumstances set up a cumulative process of shrinkage, and might eventually depress private investment below the level needed to provide for the equipment required for the execution of the rearmament programme. In that case total activity might temporarily decline, in spite of increased spending by the Government.

Leaving this last point on one side, the first test to apply is whether or not the Budget deficit is likely to run ahead of the volume of net savings. Now the latter may be estimated at £350 to £400 millions a year. The Government has proposed to borrow only £80 millions a year for rearmament, and for 1937-38 appears likely to need only a portion of this envisaged amount. Provided that the national income, and therefore the buoyancy of the tax revenue, remain at their present levels, it seems most unlikely that even if the rearmament programme is extended and accelerated, the Government will need to borrow more than £150 millions a year.

It thus appears that the country is well able to carry the rearmament programme without any risk of price inflation, even if there is no deliberate curtailment of general consumption. Admittedly there are some disquieting signs. The rate of profits seems to be shrinking. There has been a noticeable shift towards consumption rather than saving, and this in conjunction with rearmament needs has already had adverse effects on the trade balance by increasing imports. All these signs point probably to a temporary strain, the climax of which may already have passed. They are, therefore, by themselves not sufficient yet to warrant the adoption of a deflationary policy, especially as such a policy might spread to other countries with the reversion to the vicious spiral of deflation which was so prominent a feature of the great depression. On the contrary, and notwithstanding the present drift towards increased consumption, the more immediate risk at the moment

may be that even without any further restrictive action, the volume of savings may continue to outrun the demand of both Government and private business. If so, a decline of activity may ensue. In this event we would be faced with the problem of how best to co-ordinate financial and budgetary policy with banking policy, so as to bridge the gap, or at least to prevent it from widening.

III

The next step, therefore, is to investigate the consequence of any set-back in trade upon public finance. This analysis must embrace both the system of taxation and the extra budgetary funds.

Prior to 1931 the British system of taxation tended to limit the extent and slow down the speed of the reactions of fluctuations in trade and the national income upon the public revenue. Had no new taxation been imposed, the decline in the yield of taxation in the last depression would not have been much greater than the fall in the national income. The increase in the scale of old taxation and the introduction of new taxes, which, according to the last Budget speech account now for as much as 20 per cent. of the total tax revenue, have necessarily made the revenue more closely sensitive to fluctuations in trade. Direct taxation, which accounts for more than one-half of the total tax revenue, is based on the principle of progressive taxation. Therefore, if national income should increase, it is probable that each increment will be taxed more heavily than the previous increment, as more incomes move up into the higher grades. Conversely, a general shrinkage in incomes will necessitate a still greater increase in the rate of taxation, if revenue is to be maintained.

Then there is the introduction of a general tariff in 1932, which has increased the importance of customs revenue (from 14.7 per cent. of the total revenue in 1929-30 to 23.6 per cent. in 1936-37). Formerly the customs and excise duties were derived largely from commodities for which there was a relatively steady demand irrespective of the state of trade. This is not true of the newer protective duties. Therefore customs revenue has not only become of increasing importance, but has also become more responsive to fluctuations in trade.

For these and other reasons the ebb and flow of trade

has become more important to the national tax revenue than it was ten years ago. Revenue not only responds in greater degree to fluctuations in trade; it also responds more quickly, that is, with a much shorter time-lag. Thus the changes in taxation made since 1929 have an important bearing on financial and economic policy. An attempt to balance the budget by increased taxation in case of a decline in business activity would demand far greater and more immediate effort than in past periods.

IV

This analysis of the position of the Exchequer does not exhaust completely the relations of public finance to business activity. The various funds which are controlled by the Treasury and the National Debt Commissioners must also be considered. There are the Health and Unemployment Insurance Funds, the Post Office Savings Bank, and various Pension Funds. To these may perhaps be added the funds controlled by the Trustee Savings Banks and balances held by the Paymaster-General, the Public Trustee, and various Government departments. There is, furthermore, the fund represented by the Fiduciary Note Issue and the Exchange Equalisation Account. Even excluding these last two, the sum total of these funds exceeds £1,000 millions, and the bulk of them are invested in long-term or medium-term British Government securities. Professor N. F. Hall, in an address to the Manchester Statistical Society, called attention to these funds and their importance. Their existence must be taken into account in connection with the present enquiry, because in many cases their size varies with the state of trade and employment.

Savings Bank deposits represent the voluntary savings of the less wealthy sections of the community. The different Insurance and Pension Funds represent the "statutorily enforced" saving of certain groups, including employers, employed, and also the taxpayer (in the case of Exchequer contributions). Broadly speaking, in times of prosperity these funds are reinforced. Conversely in times of depression and unemployment these funds tend to become depleted.

The Unemployment Insurance Fund, by far the most important in this connection, has lately been showing a surplus of more than £2 millions per month, and, in spite of several

successive concessions to both beneficiaries and contributors, has accumulated a surplus of over £150 millions, apart from the service and amortisation of the deficit accumulated during the depression. The importance of these fluctuations is apparent if this result is contrasted with the Unemployment Insurance Fund's history in the fateful years before 1931. Its financial needs (to be met out of borrowing over and above an increase of the Exchequer direct contribution from about £11½ millions in 1928-29 to £19½ millions in 1929-30, and an estimated £55-60 millions in 1930-31) amounted to not less than £36 millions in 1930-31, and to over £1,000,000 per week in the fateful summer of 1931. The crisis reforms of 1931, which increased contributions, imposed cuts and limited claims, saved £35·8 millions. The deficit, however, did not disappear immediately, and, after the borrowing powers of the Fund became exhausted in 1932, had to be carried by the State. The 1934 reform radically altered the structure of the Fund, but it could not alter the fact that the state of the Fund depends fundamentally upon the volume of unemployment.

The existence of the social service funds thus makes the dependence of the Exchequer position on the state of trade even more marked. In times of good trade the buoyancy of the revenue will be directly or indirectly supplemented by the surpluses accruing to these funds. The contrary will apply in times of recession.

V

Let us try to apply the above considerations to the present financial position and see whether some possible lines of action do not suggest themselves. It seems clear that if national income should increase or even remain at about its present level, the Budget problem will in course of time solve itself. Heavy as the burden of expenditure is, it need not cause, by its own weight alone, monetary instability, or a tendency to inflation. The strain imposed upon the economic system by rearmament, substantial though it is, does not exhaust the potential ability of Britain to increase its national real income by a steady increase of its productive capacity and real productivity. The question is whether this potential power will actually become effective, and this unfortunately we cannot

safely assume. We must, therefore, consider the possibility of continued recession.

We have seen that in comparison with 1929 a given decline of national income is likely to have more immediate and more considerable effects on the national revenue. The increase in taxation will both have to be greater and will also have to begin at a point where the burden is already considerable. Nevertheless, the Government will have some time in which to turn round.

There appear to be three courses of action which might be adopted to meet the position arising from a contraction of revenue; but before analysing them it is necessary to examine the question of the probable course of expenditure.

Contrary to all superficial impressions, the experience of the last depression indicates that little was achieved even then by a reduction of expenditure during the crisis. The requirements of unemployment assistance intensified then, and will again intensify the strain on the Budget to a far greater extent than could be offset by economies. The balancing of the Budget in the crisis of 1931 was mainly a result of increased taxation and the use of accumulated capital reserves. In the financial year 1931-32 perhaps £130 millions and in the following year over £150 millions of *additional* taxes were collected. A further toll of about £10 millions was extracted from the contributors to the Unemployment Insurance Fund. In spite of the heavy shrinkage in the national income, tax revenue increased from £655 millions in 1929-30 to £681 millions in 1930-31 and £710 millions in 1931-32. Cuts were calculated to save theoretically somewhat more than £60 millions, but £25·8 millions were represented by the cuts made in Unemployed benefits and the reform of the system, and a further £5·0 millions by the reduction of the defence estimates.

A real reduction of expenditure was achieved only after recovery started. Recovery gave the national finances the benefits of the shrinkage in unemployment. The revival of confidence, the conversion of the National Debt and the almost complete disappearance of interest charges on the Floating Debt permitted a saving, as compared with pre-crisis days, of not less than £64 millions.

What is the position now? A reduction of expenditure is not possible in the short run; in fact, we must expect

a further expansion. The cost of defence may be expected to increase to £350 millions, the greater part of which will presumably fall on the ordinary Budget. Debt charges have already been reduced as far as they can be. In fact, if Sinking Fund allocations be excluded, they have already shown a slight increase, due partly to the series of funding operations, partly to rearmament borrowing, and partly to new Treasury Bill issues made against the Exchange Equalisation Account's gold purchases. This may continue.

The burden of social services, including housing, shows a further increase, even compared with the pre-depression level, and is still expanding. It will presumably increase still further if unemployment grows, for it is not very likely that drastic general economies will be made before their necessity becomes far more urgent and generally recognised.

We may anticipate a total expenditure of about, and possibly over, £1,000 millions. Thus the choice of methods of meeting the consequences of any possible trade recession is restricted to revenue policy :—

- (1) The recession might be regarded as a temporary phenomenon, and therefore ignored from the point of view of the Budget.
- (2) Any expected shrinkage in revenue arising out of the recession and/or increase in ordinary expenditure might at once (or rather in advance) be met out of increased taxation; non-recurring expenditure upon re-armament continuing to be met out of borrowing.
- (3) Future Budget policy might be co-ordinated with the general economic and monetary policy. The object would be to offset any cumulative deflationary tendency which would intensify the depression. This implies that the Budget problem should be regarded as one aspect of the general economic problem.

The first course of action would be justified, provided that the recession was really temporary and not very serious. Expanding Government expenditure, accompanied as it would be by a Budget deficit, due to lack of further expansion in revenue, would to some extent help to check the recession. If there were a recovery in the United States or an amelioration of the world economic position and our export trade, then this

policy would receive further justification. On the other hand, as the contingency of the recession continuing or becoming worse cannot be completely ruled out, a policy of complete economic inaction would seem to incur undue risks.

The second course of action is likely, as has been shown, to intensify the depression. If it falls upon the less wealthy classes of direct taxpayers, it is likely to at once diminish consumption. A higher rate of taxation would also act as a strong deterrent against fresh investment in England, and might even begin to drive capital abroad. No banking policy is likely to be able to offset so potent a deflationary influence. For these reasons there is a strong case against any considerable further increase in taxation.

On the other hand, the Government's credit remains at a very high level, and this leaves scope for the adoption of the third method. Admittedly a policy of making the Budget dependent upon general economic considerations may be thought to differ only in degree from the first alternative of merely hoping that a recession is only temporary. Still, there is a very great difference between hopes and a deliberate policy of trying to lessen the fluctuations in trade and employment.

This policy should proceed simultaneously in two directions and with equal energy. First, there is the handling of the Budget deficit, and its reactions on the capital market. Then there are the measures calculated to bring about a revival of private investment and spending, up to the limit prescribed by available resources and the vital needs of the State.

In the first direction it appears necessary to maintain the confidence of the investing public. It will also be necessary to use the period of buoyant revenue to familiarise the investor with the considerations discussed above. In particular the public will need convincing that the power in the hands of the authorities is sufficient to prevent any unfavourable repercussion of a Budget deficit on the level of the rates of interest. If no rise of interest rates is feared, then probably none will take place, even if no use is made of the weapon of open-market operations.

More precisely it is suggested that no further increase in taxation should in any event be contemplated. Such a decision should not occasion any serious deficit next year. A case consequently can be made out for further borrowing, within

limits, carried out with the object of relieving the general strain upon the Budget as well as for financing non-recurrent re-armament expenditure. There seems little risk of this leading to any inflationary expansion of credit, for the reason that last year's set-back in the capital market has acted as such a deterrent against the investment of new capital, that savings are likely to run in excess of private investment for some time to come. To that extent the general trend of events is more likely to be deflationary than inflationary. In these circumstances, it appears that further funding operations should not be undertaken. With Treasury bills at $\frac{1}{2}$ per cent. they only increase the cost of the national debt and deprive the banking system and the money market of liquid assets. This, in turn, might create difficulties in the event of the recession reaching the point where the Government controlled funds had to begin realising securities; for the banking system would then have to help in the work of absorbing them, and could only co-operate if the banks were able to maintain their accustomed ratios between investments of various liquidity. It may also be necessary—and under the circumstances envisaged perfectly safe—to increase the cash reserves of the banking system, so as to accelerate this process and prevent any untoward stiffening of interest rates.

Meanwhile regard must be had to measures of a more active character, to counteract a recession.

The powers of Governments in general and even more of the Government of a single country no doubt are limited, and more especially now when the United States so powerfully dominate the course of events. Still they are not inconsiderable. It must not be forgotten that the success of 1931-36 was almost entirely due to the beginning of recovery, which in its turn was partly a consequence of more or less deliberate measures, such as the depreciation of sterling against gold, the introduction of the tariff, and the inauguration of the present cheap money regime. These stimuli have now largely exhausted their usefulness, even though cheap money remains as an integral part of our present economic policy. It might be worth searching for new stimuli, quite apart from direct State subsidies or the framing and undertaking of public works to compensate for any recession in private enterprise. Here it is only possible to throw out suggestions. There may, however, be scope for general measures aiming at a better

alignment of prices and costs, which were, and in some directions still remain, under the influence of last year's abortive boom. This distortion of the price structure represents an obstacle in the way of reviving private investment. Its readjustment will eventually be enforced by unemployment and losses, and so it seems unnecessary to wait until this process is completed with all the attendant hardship. Among the different objectives, which might be kept in view, are the lowering of the cost of living, the reinvigoration of private enterprise, the maintenance of consumers' demand and the stimulation of export trade. The former reasons for restricting productive foreign loans and investments have also ceased to apply, and the restrictions themselves are already being relaxed.

If—as some fear—the recession continued, the Government can and should resort to more direct measures of stimulating demand. In this event even greater care would be needed to avoid any action which might also retard a natural revival of private activity. Much would be done towards the preservation of confidence if the measures which the Government takes to increase general demand were framed so as to affect as little as possible the balance of the Budget.

It is disturbing that at the very moment when the State has embarked on loan expenditure on an unprecedented scale, and when at the same time forced savings extracted by taxation are devoted to vital but unproductive purposes, doubts should arise about the possibility of the future trend of economic activity. The real problem of the coming Budgets is, therefore, not primarily financial. It is the problem of co-ordinating public finance, as far as possible, with general economic policy, while trying to maintain economic progress, in the face of all the difficulties which are discernible in the short and even more in the longer run.

T. BALOGH.

20th January, 1938.

Notes of the Month

The Money Market.—While money remains very easy, it was not quite so plentiful in February as during the weeks immediately succeeding the New Year. The heavy influx of revenue reduces the banks' supply of cash from time to time, and while most of this money is quickly restored to the banking system through redemptions of Treasury bills, one or more of the banks may be temporarily short of funds. Also there has been a reduction during the past month in the assets held by the banking department of the Bank of England, which is in part due to the redemption of some of the Treasury bills held by the Bank. Bankers' deposits at the Bank have therefore shrunk from £113·1 to £105·6 millions. Thus there has been a slight but definite narrowing of the credit base. This movement is not significant, for during most of January the banks were unusually well supplied with cash. It certainly does not indicate any change in monetary policy.

Meanwhile, between the New Year and February 19th the floating debt has been reduced from £985 to £849 millions, and the quantity of Treasury bills issued by tender from £622 to £542 millions. Thus the market has, for the moment, been left short of bills, and during recent weeks maturities of old bills have been running some £10 or £15 millions in excess of issues of new bills. This relative dearth of bills has kept discount rates very low. At most of the February weekly tenders the money market could only obtain its bills at a price equivalent to a discount rate of $\frac{1}{2}$ per cent., and even at that low rate it secured very meagre allotments.

The Foreign Exchanges.—Francs have been steadier during the past few weeks, with the pound sterling quoted at between Frs.152 and Frs.153. Thus the January crisis has, for the moment, subsided. There is some evidence, however, that the French Exchange Fund was brought nearly to the end of its resources, for the Frs.3,000 millions of gold transferred last November from the Exchange Fund to the Banque de France were, at the beginning of February, transferred back again to the Fund. Meanwhile the dollar developed fresh weakness in February. Spot sterling rose at one time to \$5·03, and there was a further tendency for Continental interests to

realise dollars and re-invest the proceeds in gold. Another consequence of this tendency was a keen demand for gold in London, and in the middle of February gold was quoted at a premium of 20d. per ounce above the American shipping price. By the end of the month, however, the dollar had improved to \$5.02, while the gold premium in the London bullion market fell back to 15½d. The free rate for Argentine pesos has remained weak. Early in February sterling was quoted at pesos 19.20 and at the end of the month the rate was still as high as pesos 19.06. These high rates neutralise most of the recent reduction in the surcharge from 20 to 10 per cent.

The Stock Exchange.—Markets during February were largely influenced by political developments at home and abroad. Such events as the changes in Austria following Dr. von Schuschnigg's visit to Berchtesgaden, and Mr. Eden's resignation naturally had a disturbing effect upon markets, while the January unemployment returns were also regarded as disappointing by those who did not realise how largely the increase in unemployment was seasonal. Thus markets were dull and weak during most of February, and it was only the last week of the month which gave any evidence of recovery. There was then a definite rally in New York, due partly to President Roosevelt's statement that he favoured a slightly higher and much more balanced commodity price-level. This was quickly reflected in the London Stock Exchange, which soon recovered from the initial disturbance caused by Mr. Eden's resignation, and also began to take a more hopeful view of the outlook. The recovery, however, has not yet gone very far, and markets were again hesitant at the end of the month.

Taking the month as a whole, prices of British Government securities have undergone minor fluctuations, but show little net change on balance. European bonds were affected by international developments. Home rails have shown a tendency to sag in sympathy with the general trend, and failed to respond to the better dividend announcements. The drop in industrials was even more marked, but during the last week of February there was a slight recovery. Oil and rubber shares have been dull and weak. Gold mining shares have remained relatively steady, with only minor fluctuations, but base metal shares have been steadily falling since early January.

Overseas Trade.—The following table compares the overseas trade returns of December and January for 1936–37 and 1937–38 :—

	Dec., 1936	Jan., 1937	Dec., 1937	Jan., 1938
	£ millions			
Imports ...	83.5	75.7	94.3	84.9
British exports ...	40.5	39.1	43.9	41.2
Re-exports ...	6.2	5.1	5.0	4.8
Total exports ...	46.7	44.2	48.9	46.0
Import surplus ...	36.8	31.5	45.4	38.9

The returns for last January reveal a substantial drop in imports compared with the preceding month, but a similar movement occurred a year ago, and in both cases it was largely a seasonal decline. Raw material imports fell from £27.3 millions in December, 1937, to £25.7 millions the following month, but this movement was again partly seasonal. There has also been a slight decrease in British exports. A more detailed comparison of our overseas trade in January, 1937 and 1938, is given in the following table :—

Description	January, 1937	January, 1938	Increase (+) or Decrease (—)
	£ mn.	£ mn.	£ mn.
Total Imports ...	75.7	84.9	+9.2
Retained Imports ...	70.6	80.1	+9.5
Raw Material Imports ...	25.7	25.7	—
Manufactured Goods Imports ...	17.6	22.5	+4.9
Total Exports, British Goods ...	39.1	41.2	+2.1
Coal Exports... ..	2.5	3.0	+0.5
Iron and Steel Exports ...	3.4	4.1	+0.7
Cotton Exports ...	5.3	4.9	—0.4
British Manufactured Goods Exports	29.9	32.6	+2.7
Re-exports ...	5.1	4.8	—0.3
Total Exports ...	44.2	46.0	+1.8
Visible Trade Balance ...	—31.5	—38.9	—7.4

The official estimate of the balance of payments for 1937 has now been issued. The excess of imports of merchandise and silver was £443 millions, against £345 millions in 1936. To these figures must be added net Government outgoings of £3 millions in 1936 and £4 millions in 1937. As a partial offset against this big increase in the import surplus, it is estimated that between 1936 and 1937 the net national shipping

income rose from £85 to £130, net income from overseas investments rose from £205 to £220 millions, and other net receipts from £40 to £45 millions. Thus our total "invisible exports" rose from £330 millions in 1936 to £395 millions in 1937. The final deficit was therefore £18 millions in 1936 and £52 millions in 1937.

Commodity Prices.—Reviewing wholesale price movements over the past three months, the autumn fall in British prices was checked at the beginning of December. There followed a moderate recovery, which lasted until the middle of January, but then came a further slow fall which continued until the third week of February. The final weekly index figure for the month, however, gave evidence of fresh stability. In the United States there was no recovery in wholesale prices at the New Year, and the decline continued without a check until the middle of February. Since then there has been a slight recovery. These movements are illustrated in the following table, which also shows approximately the highest point touched in early 1937:—

	United Kingdom	United States
	(Sept., 1931 = 100)	
1937, March average	136·8	135·1
" December, first week	127·4	125·1
1938, January, second week	128·8	121·6
" February, third week	125·4	119·5
" " fourth week	125·4	120·3

During January the official British cost-of-living index number fell from 59 to 57 per cent. above its pre-war level. The index for February 1st, 1937, was 51, so that there has been an increase of 4·0 per cent. in the cost of living during the past year. The January decline was partly, but not entirely seasonal. The retail food price index fell during January from 45 to 42 per cent. above its pre-war level, this movement again being partly seasonal. The index for February 1st, 1937, was 35, so that the subsequent year's increase is 5·2 per cent.

Home Reports

The Industrial Situation

During the first few weeks of the New Year the seasonal reaction in trade, which follows the Christmas activity, is always so marked that it is not always easy to determine the long-term course of business. There is no doubt that the first two months of the year have witnessed a definite recession in trade and employment. There is equally little doubt that much of the recession is seasonal. The real question is, how much of this year's recession is so far explained by seasonal factors

Some indication is given by the *Economist's* business activity index number for January, which has registered a drop below December of only half a point, from 111 to 110.5. The total drop in this index, since it touched its peak in the early autumn, is from 113.5 to 110.5, so that both this year and also since the autumn peak the recession has been very moderate. It also looks as if most of this year's recession has been seasonal, and February indications tend to confirm this view.

There are, however, several points of anxiety. First and foremost the heavy industries, which so far have maintained their activity, are beginning to report the need for new orders. Civilian business is now falling away, which means that these industries are becoming more dependent upon rearmament orders. The current position of the textile trades is even less encouraging. Short time is already being worked in both the cotton and woollen industries. Also last year's sharp fall in the prices of primary products must be affecting the purchasing power of many of our export markets. Among other significant signs are this year's fresh, though limited, fall in wholesale prices and the fact that electric power consumption and the demand for industrial chemicals are not quite up to the level of previous months.

That is the discouraging side of the present picture, but there are also several hopeful signs. In the first place the January increase in unemployment was less than the normal seasonal increase. Again activity in the building industry is well maintained, and plans for dwelling-houses passed in January were above the volume of the previous year. The

January decline in iron and steel production was partly seasonal, for a similar contraction occurred a year ago. Railway goods traffic receipts are up to their early 1937 level, when allowance is made for last October's increase in rates. Retail trade for January was 6.2 per cent. above that of January, 1937. Taking the position as a whole, so far the recession has been very moderate. There is, however, a growing need for new orders in many sections of industry.

News from abroad is variable. Empire trade on the whole remains good, in spite of the fall in prices of primary products. The outlook, however, is less reassuring in South America, where the partial failure of the Argentine maize crop may be a serious factor. In the United States the autumn recession in business has now to some extent been arrested, and there are one or two signs of limited recovery. Much depends upon the future course of commodity prices and upon whether the Administration can carry out its intention, recently declared, of reversing the downward trend. News from Europe is variable. The French outlook is still obscure, and Holland and Belgium are sharing in the general world recession. Conditions in Germany remain very active. In Scandinavia the position of the timber and wood pulp and paper industries is not so favourable as it was several months ago.

Agriculture

England and Wales.—According to an official report, some progress was made during January with field work and cultivation. On the whole, at the end of the month work on the land was well forward for the time of the year. Early-sown corn, with the exception of some late-sown winter wheat, looks well. Potatoes generally are good. Prospects for lambing appear favourable, and where lambing has started the fall seems satisfactory. Cattle and sheep have done fairly well. With care existing stocks of winter keep should last till the spring, except perhaps those of straw, which are likely to be scarce later on. Milk yields are generally about average.

Scotland.—Farm work generally is considered to be fairly well advanced for the season, although the ground is still wet in some districts. Winter-sown wheat continues to make good progress. In the produce markets most of the centres report average supplies of grain, which have met a steady

demand. Barley of distilling quality is in particular demand, but stocks are almost exhausted. The potato trade continues quiet, with prices showing little change. In the livestock markets store sheep and fat pigs have been rather less numerous, but other classes are up to average, with prices steady to firm.

Coal

Hull.—Enquiry is most disappointing, and there is a great deal of uncertainty as to the future. Collieries are at present fairly well placed, owing to export contracts and the strong inland demand, but new export business is essential if production is to be maintained at its recent high level. There is so far no change in prices, but practically all qualities are readily obtainable.

Newcastle-upon-Tyne.—There have been a fair number of enquiries for forward delivery, but little actual business has been closed, as most of the enquiries have been postponed for later consideration. Collieries are fairly well booked from March, but there is a little anxiety as regards later months. The coke market is weak. Stocks are fairly heavy and until the Baltic opens up this condition is likely to last.

Sheffield.—Demand for industrial fuels is strong, and prices are firm. Deliveries under contract are being fully maintained. Export business is quiet, however, and shows little sign of any improvement. Household coal is steady, and in fairly good demand.

Cardiff.—The South Wales market remains steady at present, but the undertone is easier. New enquiry is small, and practically no forward contracts are being completed. The general impression is that prices are too high. Many of the British coaling depot proprietors are postponing their shipments of Welsh coal, owing to the poor demand for bunkers abroad.

Newport.—Collieries have been fairly well occupied. Home demand remains brisk, and in the export market Egypt's increased demands have compensated to some extent for the decline in shipments to France.

Swansea.—The anthracite market continues to be very irregular. Larger sized best qualities and seconds are moving very slowly. Third qualities and cheaper coals are finding

a good demand for all sizes and prices are very firm. Fresh enquiry in the steam coal market is much less active, and smalls in particular are more freely available.

East of Scotland.—In both Fife and the Lothians trade is dull on the whole. A sustained demand on home account has helped the position of screened coal in the Lothians, and pearls are also firm, but both steam coal and trebles are in poor request. In Fife, prime navigation and certain classes of steam and pearls are fairly active, but the demand for other classes leaves room for improvement.

Glasgow.—The export section of the Scottish coal market is weak. Foreign orders are very restricted, as importers hold heavy stocks and are not inclined to buy until prices show some indication of stability. More coal is available for shipment, as a result of the diminished inland demand, which adds to the weakness of the market. Screened coals are the principal qualities offering for export, though the larger sizes of nuts are also fairly plentiful.

Iron and Steel

Birmingham.—There has been a distinct change in market conditions. Deliveries in practically every branch are now easy, and consumers in many cases are suspending deliveries. The position is not quite so easy in constructional steel and plates. Several blast furnaces in the Midlands are likely to go out of blast, and there is little doubt that supplies of ordinary grade pig-iron are more than sufficient for normal consumption. It seems probable that much of the tightness last year was caused by consumers buying more than their needs, and the stocks they now hold are causing the easing in purchases.

Newport.—Most works are still in arrears with orders, except those engaged on galvanised sheets and tinplates, for which demand has slackened. Stocks of raw material are tending to increase, and customers seem to be temporarily holding back before placing fresh orders in the hope of prices easing. Iron and steel imports totalled 35,100 tons in January, against 34,200 tons in December, and 9,500 tons in January, 1937.

Sheffield.—The basic steel section continues to work to capacity and there is no sign of any slackening in the demand. Pressure remains heavy in the acid carbon and alloy steels

sections, but new business shows a slight recession. The heavy forging shops are busy and have plenty of work on hand to ensure prosperity for a considerable time ahead. The scrap position appears easier, and stocks of basic steel scrap are steadily increasing.

Tees-side.—The position in the pig-iron trade is much easier, and new business has fallen off lately. Production, however, remains at the recent high level. Consumers are now receiving good tonnages of iron from the Midlands and the Continent, purchased during the acute scarcity of Cleveland supplies, and have no need to make further purchases at present. Makers are now able to place small amounts of iron into stock for the first time for eighteen months. Export enquiry is small, and shipments are almost negligible. Steel consumers are rather less keen to place new business, but this is due to the stabilisation of prices over the rest of the year rather than to any reduction in consumption. Structural engineers and shipbuilders still exert pressure for larger and more prompt deliveries, and order books are very heavy.

Wolverhampton.—Some branches are very busy, and are inconvenienced by lack of materials. Foundries are active.

Swansea.—The tinplate market is quiet, and export demand is weaker than it has been for some time, chiefly, it is believed, owing to the political unrest in Europe. Orders are approximately 40 per cent. of their volume of a year ago, although the industry was only employed at 61·11 per cent. of capacity during January.

Glasgow.—Confidence in the market for iron and steel has been shaken by weak advices from America and the Continent. Makers of heavy steel, however, have many important contracts to fulfil, and have sufficient work booked to ensure full employment for some months ahead. Re-rollers of bars are slightly quieter, and orders are needed by makers of bar iron. Black and galvanised sheets are also in less demand, particularly the latter, which are manufactured chiefly for export, and no improvement is expected until motor car manufacturers cover their requirements in the spring. Tube makers report that demand for hydraulic-weld pipes is very heavy, but the smaller diameters of tubes and butt-weld tubes are quiet. In the pig-iron industry there are sixteen furnaces in blast. Outputs are well absorbed in spite of diminished

demand in recent months, this being due to the slackening of production at the foundries in the Falkirk area.

Engineering

Birmingham.—The more subdued tone of recent months continues although activity is still fairly high. Manufacturers of drop forgings and stampings remain busy. Foundries are fairly active, and some are very busy. The motor and motor accessories trades are quiet, activity being mainly confined to the commercial vehicle sections. Demand for steel tubes is slow, but heavy constructional steel is in request. The electrical trades have improved.

Bristol.—In the building industry the position continues satisfactory. There has been a steady demand for bricklayers, although the demand for other skilled workers has slackened. The employment position in the constructional and general engineering sections remains good. There is still an urgent need for skilled men in the aircraft section.

Coventry.—Electricity factories are busy, and machine tool makers have plenty of work on hand. The motor car industry remains quiet. The slackening in demand is stated to be due to some extent to the price increases.

Leicester.—Home trade continues good, and there have been more enquiries for export.

Manchester.—Activity continues in all branches, but the volume of new orders tends to diminish.

Sheffield.—Many important engineering contracts have been booked during the past month, including an order from the Russian Government for machinery weighing between 5,000 and 6,000 tons, which it is estimated will take eighteen months to manufacture. In spite of the greatly increased productive capacity, activity in all branches of the tool trade continues unabated. Large orders are still on hand, and prosperity in the industry is assured for some time ahead.

Wolverhampton.—Makers of motor passenger and commercial vehicles are busy, but suppliers of components and accessories are experiencing a slackening in demand. Firms engaged on aero work are fully employed. Electrical plant and machinery are in good demand.

Glasgow.—Only four mercantile orders have been placed this year, and three of these are for tankers. Since last summer the yards have turned out about 40 merchant vessels, representing 150,000 tons gross, and have booked about 12 new orders. A good deal of Admiralty work is on hand, and the yards will be well employed for a considerable time, but prospects are less favourable than for some time past.

Metal and Hardware Trades

Birmingham.—The cold rolled brass and copper section is not so active as last year, although a fair volume of work is passing. Prices are unchanged. Orders in the hardware and hollow-ware trades are irregular.

Sheffield.—Conditions in the cutlery trade are somewhat variable, and work appears to be unevenly distributed, but on the whole the seasonal slackness still prevails. Demand for spoons, forks and scissors is brisk, and the production of safety razor blades continues on a large scale. The sterling silver and E.P.N.S. branches are fairly well employed.

Wolverhampton.—The hardware trades are fairly steady, and the lock section has made some headway recently. Demand has fallen off appreciably in some sections of the hollow-ware industry.

Chemicals

Business was steady in most sections during January. Industrial chemicals were fairly satisfactory though slightly less active than during the last part of 1937. Wood distillation products continue in very fair demand, and trade in pharmaceutical chemicals was average for the time of year. A fair number of enquiries were received for coal tar products, but only a few large orders were placed.

Cotton

Liverpool.—On the "futures" market prices have risen slowly, and towards the end of February reached 5·03d. per lb. The last rise of 10 points followed Mr. Roosevelt's reference to low commodity prices, and the resulting speculation as to the possibility of inflationary measures. The Farm Bill to restrict the acreage for next season's crop is proceeding

through its various stages in the Washington legislature. If it becomes law, an area of 26,384,417 acres will be under cotton, and a subsequent referendum of growers will require a two-thirds majority to determine allotments on a crop basis of 10,750,000 bales. This season's planted acreage was officially returned at 34,192,000 acres, although private estimates record a much higher figure. Business has shown an improvement on speculative buying and hedge contracts have remained restricted. On the "Spot" market a better tone prevails and firmer prices have encouraged slightly better trade. Weekly forwardings to American mills and to the mills of the world are still much below those of last year.

Manchester.—Reports are not encouraging, and producers of both yarns and cloth are finding new orders at prevailing prices difficult to obtain. Numerous mills are now working short-time.

Wool

Bradford.—The wool market is extremely quiet, with prices in favour of buyers. Spinners are mainly working short-time, and there is keen competition for any new business.

Huddersfield.—The tone is exceptionally quiet in all sections of the woollen and worsted industry. Considerable stocks have accumulated, and no improvement can be looked for until they have been liquidated. The slackness is accentuated by the lateness of Easter, and the unsettled world conditions.

Hawick.—The Border tweed trade shows little change, and manufacturers continue to be adversely affected by the uncertainty in the markets for the raw material. Owing to the international situation demand on foreign account is extremely slow and the home trade is at present practically the only outlet. Hosiery manufacturers are equally affected and few factories, either tweed or hosiery, are employed more than three or four days a week. Spinners and dyers are also poorly employed.

Other Textiles

Dundee.—The unsettled conditions have affected all sections of the jute market, and business is of small dimensions.

There is a fair enquiry for yarn, but buyers still appear to be refusing to pay the rates asked. Some manufacturers are being compelled to curtail production.

Dunfermline.—The continued strength of the raw material has not been reflected in any sustained demand for linen goods. Buyers are difficult to interest, and purchases are mostly for small quantities to meet immediate requirements. Prices of flax and tow are still irregular. Very little business is passing in the fibre, and spinners are finding little incentive to contract for supplies when only trifling sales are being made.

Clothing, Leather and Boots

Bristol.—There has been a slight improvement in the boot and shoe trade, and a number of employees previously working short-time have resumed full-time employment. In the clothing trade a seasonal increase has been noticed in unemployment, and a number of women employees have been placed on short-time pending the completion of contracts for spring clothing.

Leicester.—Home trade in boots and shoes is quiet. Exports show a slight improvement. Business in hosiery is slack.

Northampton.—Stocks of boots and shoes in the hands of retailers are thought to be very low, but there is no evidence of any large amount of buying. Business generally continues quiet, and manufacturers still tend to hold off in order to see the trend of the leather market before placing orders of any size. The price of leather shows signs of hardening.

Shipping

Bristol.—The trade of the port has been well maintained. The tonnage of vessels arriving showed an improvement compared with a year ago, and the imports of goods have been steady. Stocks of goods in the Authority's warehouses remain normal, with the exception of stocks of grain which have declined slightly.

Hull.—Exceedingly quiet conditions rule in the freight market for practically all directions. The present low rates are consequently unlikely to improve.

Liverpool.—Outward coal chartering has been on a moderately active scale, but rates have not generally been favourable to owners. River Plate homewards commanded steady rates, but quotations for later positions were on a nominal basis in consequence of the slow movement of wheat and maize cargoes. Gulf and Atlantic-American rates rule quietly steady for grain and miscellaneous cargoes. Elsewhere conditions are unchanged, with Australian quotations at scheduled figures for forward loading.

Newcastle-upon-Tyne.—There is an almost complete dearth of Baltic and Bay business, and a very quiet market to the Mediterranean. In the absence of new business rates continue in merchants' favour, and there is little prospect of any immediate improvement.

Southampton.—Inward shipping during January amounted to 1,201,365 gross tons and was 4 per cent. higher than in January, 1937. There was a slight decrease in the number of passengers, but an increase of more than 3 per cent. in the cargo traffic. The South African deciduous fruit traffic at the docks is now approaching its peak period, and heavy shipments are being received each week.

Cardiff.—The freight market is bad. Enquiry is small and orders scarce, and with an excess of tonnage offering the general undertone is easy. Some steamers have decided to lay up rather than take present business offering, and unless an improvement develops shortly the amount of tonnage laid up will no doubt be increased.

Newport.—The slackening in grain movements from the Plate, and the decline in coal shipments to France, have given freight rates a further set-back. Many vessels are finding it difficult to secure regular employment at adequate rates, and some tonnage is likely to be laid up again for lack of cargo. Very little increase in world trade would be needed to set shipping moving again at something like the pace of six months ago, but there is no immediate hope of such a revival.

Swansea.—Very few orders are circulating on the freight market for any direction. The coasting market has been particularly quiet, and charterers are without great difficulty securing tonnage at almost 1s. under the schedule rates agreed to by the British coasting owners.

East of Scotland.—There were only a dozen vessels on loading turn at the Forth coaling ports at mid-February. Apart from coal and paper, which showed large decreases, exports at Leith docks during January were satisfactory and a notable feature on the imports side was an increase of 15,000 tons in the quantity of grain brought in. In the freight markets tonnage is plentiful and rates are easy.

Glasgow.—The demand for tonnage for coal carrying is still very meagre. There is a very pronounced scarcity of orders in all sections of the market, including the Baltic. Rates are not being thoroughly tested but the general tone is easy and boats are freely offered.

Foodstuffs

Liverpool, grain.—Wheat "futures" closed at 7s. 3½d. per cental compared with 7s. 7½d. on January 20th. Quiet conditions have prevailed, the chief feature being the effect of unfavourable weather conditions in the United States winter wheat belt; fair rainfall has improved the position latterly but a heavy abandonment is foreshadowed. The United Kingdom and Continental demand for c.i.f. wheat remains slow: Germany still confines her attention to the Argentine, while France's bread wheat requirements for the current wheat year will be met from home production. The final Australian wheat crop estimate is 170,031,000 bushels, as against 150,559,000 bushels for the 1936-37 season. The demand from the East is severely curtailed and whilst Commonwealth growers are holding supplies the absence of a satisfactory Continental demand is not encouraging. Maize prices are unchanged.

Liverpool, provisions.—The demand for Continental bacon has been fully sufficient to clear stocks on arrival. There has also been a good demand for American hams on a firm market, at somewhat higher prices. Conditions in the canned meats market remain unchanged, and firm prices have ruled. There has also been a satisfactory clearance of canned fruits at about unchanged prices. Lard quotations show little change, with only a moderate demand, while Empire butter has been a good market with arrivals rather on the light side. Continental makes are firm. There has been a steady market in cheese, and demand has been fair.

Fishing

Brixham.—Landings were light during January, owing to adverse weather conditions. Prices were unusually high, and demand keen owing to the shortage of fish. A few trawlers made good trips, catches in some cases realising up to £230 per trip. The herring season in South Devon waters has been a complete failure.

Hull.—At the beginning of January fish were plentiful and prices reasonable, but after the first week the very heavy gales provoked a shortage of supplies and prices rose until the end of the month. Supplies became more normal towards the middle of February. The fishing returns for January are of particular interest, in view of the recent decision to reduce the trawler capacity by 20 per cent. Landings of British owned vessels totalled 484,542 cwts., of value £348,368, a decrease in volume of 50,372 cwts. as compared with January, 1937, but an increase in value of £23,431. Foreign landings direct from the fishing grounds totalled 17,009 cwts., of value £11,995.

Penzance.—The fishing during the early part of January continued to be very fair. Several boats shot their nets and nice catches of mackerel were taken. Prices remained very firm at 11s. 6d. to 12s. 6d. per hundred. The latter part of the month was not so good, and boats were consequently laid up. The Cornish winter season for herring and mackerel in the Mount's Bay area has been by far the best for a considerable number of years.

Scotland.—The herring fishing off the Forth is active, but while there is now a considerable fleet of boats at Anstruther and neighbouring ports, results to date have been disappointing on the whole. Prices generally tend to fluctuate round 20s. to 25s. per cran. Rather better landings of white fish have been in evidence, which have met quite a good market.

Other Industries

Carpet-making.—The carpet trade of Kidderminster shows distinct signs of improvement, although workers are still on short-time, some departments working only three days a week. Orders for spring delivery are, however, quite up to average. The Government, acting on the recommendation

of the Import Advisory Committee, have increased the specific duty on carpets other than hand-made knotted goods from 9d. to 1s. per square yard—the alternative duty of 20 per cent. *ad valorem* remaining unaltered—but the general view is that this will not assist the makers of the better qualities very much. The great fluctuations in the price of wool during the last two or three months have caused buyers to be uncertain as to their future trend, but manufacturers, with two exceptions, do not intend at present to change their prices, which should help to stabilise trade for the moment.

Paper-making and Printing.—Bristol reports a seasonal slackness in the printing trade. Business in the paper-making trade remains fairly good.

Edinburgh reports a marked cessation of "forward" buying in the paper-making trade. Export difficulties are also making themselves felt, and with the possibility of a fall in prices, conditions generally are definitely dull. In the printing trade both machine-rooms and case-rooms are actively employed, and in this branch of industry the outlook still appears hopeful.

Timber.—Hull reports that the sawn-wood market has shown some signs of revival, mainly owing to the release by the Russians of stock-notes of goods for 1938 import, amounting to about 200,000 standards, together with the announcement of the prices at which they are prepared to sell. Applications totalling 140,000 standards have been made, against which business is expected to mature for about 120,000 standards. The basic price of £15 for 7" Archangel u/s Red, which is the figure the Russians are asking, is lower than was expected. Demand is good for the time of year, and the average of deliveries from stock is being well maintained. Enquiries for forward delivery are also more numerous.

Pitwood imports at Newport in January amounted to 4,725 fathoms, compared with 4,350 fathoms in December and 2,172 fathoms in January, 1937. Other timber imports totalled 250 standards, against 1,139 standards in December and 526 standards in January, 1937.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Since the holidays trade and industry have been satisfactory and prospects appear favourable. The main need is for the prices of the chief export commodities to become stabilised or else to improve. Owing to the limited demand for wool, brokers' sales for the first seven months of the season were only 1,400,000 bales, or half the estimated season's receipts into brokers' stores. The wheat harvest is now stated to be 170 million bushels, mostly of good quality. A more recent cable states that exceptionally good summer rains have fallen, particularly in the tropical and sub-tropical pastoral divisions, and also over a large part of South Australia. More rain is needed in the south-west areas of New South Wales.

Canada

From the Imperial Bank of Canada

Business activities are still showing the effect of the recession, though it appears to have been checked—at least temporarily. The General Index has fallen to about 8 per cent. below its level for January, 1937. Resistance to the reaction lasted until November, but activity has since slowed down. Still, the fall in employment is no more than seasonal. Car loadings reflect the smaller wheat crop, but movements of manufactured goods and industrial raw materials are relatively well maintained. Banking transactions are but moderately affected.

Sentiment reflects conditions abroad rather than at home. Developments at Washington, and particularly the Government's attitude to business, are being more carefully followed than European or Far Eastern events. At the same time the pending Anglo-American trade negotiations are being closely studied, particularly as regards their possible effect on Canadian exports.

India

Bombay.—A recent cable states that the Indian cotton crop is estimated at 5,407,000 bales, or a decrease of 10 per cent. below last year. Recent American advices have also been

bullish, so the local cotton market has been very firm. No sharp rise in prices, however, is expected. Since the beginning of the year there has been a good demand for Oomras for shipment to Japan, and Indian mills have been buying Punjab American and Sind American varieties. Prospects for Broach Surat and Gujerat crops are excellent. There has been no improvement in the market for imported piece-goods, which remains very disappointing. Stocks of British goods are not very heavy, but demand is very poor. Stocks of Japanese goods are very heavy, and so far there is no diminution in arrivals. Prices have, therefore, been falling, and this has adversely affected both Indian and Manchester cloths. Still, there have been fair clearances of Indian goods, with a healthy undertone and a large forward trade. Trade in Indian yarns has been scarce, with some forward business. Japanese yarns have been unsteady, and there have been scattered sales of British yarns at steady prices.

Calcutta.—The raw jute market opened quiet, with prices tending lower, and little business passed until the end of January. The tone is now quiet, with sellers keen, but prices have hardly fluctuated. In hessians, burlap prices have varied narrowly, influenced by the rumours of a working agreement between the Association and non-Association mills. There is as yet no confirmation of these rumours, but discussions are taking place. Heavy goods have moved in sympathy, with little activity. There has been only one public tea auction, as very little tea is on offer. Common teas were slightly easier, but best teas were firm.

Burma

Rangoon.—December's rainfall makes the rice crop difficult to estimate. The surplus available for export is estimated to be equivalent to 4,189,000 tons of paddy. Business has increased slightly of late, due mainly to speculation. European shippers have been inactive, and Indian shippers are uninterested, owing to the proportion of damaged grains. There is no improvement in the European timber market. The Calcutta and Bombay markets have been quiet, but some business has been done with Madras. In hardware, conditions while far from normal have improved, and prices are firmer. Dealers are perturbed at the late opening of the

buying season, and are not adding to their stocks. Money is tight as a result of the late marketing of the paddy crop.

Eire

Heavy rains have retarded farm work, but as ploughing was well advanced the effects were not serious. Ample supplies of fodder, roots and grain were on hand, and reserves are expected to last through the season easily. The quantity of grain marketed was small, as farmers are keeping it for feed in preference to selling it and then having to buy fodder. Good supplies of potatoes are available, and the tubers are keeping well in the pits. Demand for seed has been quieter. Mangels and turnips are proving good average crops, but sugar beet is rather below the average of recent years. Trade in cattle is, on the whole, good and prices are firmer. Sheep are reported in good health and condition. The number marketed shows a slight increase. Demand for horses continues keen at high prices.

France

From Lloyds & National Provincial Foreign Bank Limited

The trade returns are summarised below :—

				Compared with		
				Jan., 1938	Dec., 1937	Jan., 1937
				Fr. mill.	Fr. mill.	Fr. mill.
<i>Imports—</i>						
Foodstuffs	...	...	965	—283	+ 79	
Raw Materials	...	...	2,369	—330	+397	
Manufactured Articles	...	...	558	— 33	+ 84	
Total	...	...	3,892	—646	+560	
<i>Exports—</i>						
Foodstuffs	...	...	310	— 57	+ 27	
Raw Materials	...	...	869	+ 78	+295	
Manufactured Articles	...	...	1,272	+ 86	+360	
Total	...	...	2,451	+107	+682	

The adverse visible trade balance for January, 1938, was Frs.1,441 millions. Compared with January, 1937, the Franc value of imports has increased by approximately 17 per cent., while exports show an increase of over 38 per cent.

The number of registered unemployed on February 12th was 409,776, compared with 420,597 at the same time last year.

As reported last month, the six big Railway Companies were amalgamated on January 1st under the name of "Société Nationale des Chemins de Fer Français." Receipts from the beginning of the year to February 4th, detailed below, amounted to Frs.1,242 millions—an increase of Frs.291 millions—or 30.59 per cent., compared with the same period last year. As the increase, however, is less than the average increase in rates during the intervening year, it is clear that a diminution in the volume of traffic has occurred.

				Receipts	Difference as
				January, 1938	compared with
				Frs. '000	January, 1937
				Frs. '000	Frs. '000
Passengers	...	...	...	251,923	+ 40,209
Luggage	...	...	...	4,971	+ 550
Parcels, etc.	...	...	...	60,085	+ 16,706
Merchandise	...	...	...	925,322	+ 233,605
Total	...	...	...	1,242,301	+ 291,070

A further increase is shown in the official January figures for the cost of living in Paris.

RETAIL PRICES OF 34 HOUSEHOLD REQUISITES (1914 = 100).

1936, May	...	...	...	...	...	459
1937, January	...	...	...	...	...	567
December	...	...	...	...	...	676
1938, January	...	...	...	...	...	693

Compared with a year ago the increase is 22.22 per cent. and compared with May, 1936—the date immediately prior to the introduction of the new social laws—the increase is 51 per cent.

Very idle conditions prevailed during last month on the Paris Bourse, and business is now at a low ebb. This is attributed mainly to the persistent weakness of Wall Street and to the international situation. There was little change in the quotations of French Rentes, Bank shares and Industrials. The only market which has shown any signs of activity is that in gold mining shares, which were comparatively firm.

Le Havre.—Quotations in the coffee futures market indicate the weak tendency resulting from the uncertain coffee situation and low offers from Brazil. There has been some liquidation of open positions. Some heavy shipments are afloat, but quantities already arrived have not been up to average. Recent deliveries, made to meet fairly good requirements, have also caused stocks to fall to 500,000 bags as against

610,000 bags. On February 11th the Licence tax was temporarily reduced from Frs.140 to Frs.80 per 100 kilos. on 70 per cent. of the licences, the remaining 30 per cent. to pay Frs.140 per 100 kilos.

Prices in the cotton futures market have advanced steadily with only small fluctuations. The market has apparently discounted both the restrictive measures of the Farm Bill, which has passed the Lower House, and the possibility of a change in the gold policy in the U.S.A. Deliveries to the mills have been fairly good, but stocks in Havre have remained stationary at 326,000 bales.

Lille.—The situation in the textiles trades shows no improvement, and business continues very dull. The mills are fairly well occupied on old contracts, but stocks of yarns tend to grow, and in the absence of new business further reductions of working hours will have to be considered. In spite of higher wages, increased production costs and higher prices are acting as an effective brake on any increase in demand. Local opinion is pessimistic and it is felt that until some form of co-operation between the employers and the workers enables output to be considerably increased no improvement can be expected.

Flax prices remain firm, but apart from Government orders business is quiet and demand restricted. Stocks of yarn are growing, and discussions are taking place for a further reduction of 20 per cent. in production. Weavers are seriously affected by the poor demand, and except for firms working on speciality lines, further decreases in working hours are being enforced.

Roubaix.—Conditions in the textile industry remain very unsatisfactory, the spinning section being particularly depressed. Few new orders are forthcoming and delays are experienced in taking up completed contracts. Some mills have closed down for a few weeks, while others are working only 16 to 24 hours a week. Arrivals of raw wool are lower than is usual at this time of the year and few combers are running at more than 50 per cent. of normal. Manufacturers of medium and low class piece-goods are a little better placed, but many are working to stock. Demand for fine cloth is poor. Quotations for tops continue weak in sympathy with the fall in prices in the primary markets. Unemployment has increased sharply.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—Business has again contracted in volume during the past month. There is little activity in the wool market, and mills are running at less than half their capacity. The jute and hemp markets are depressed and production is restricted. Hides and skins are equally unfavourably placed, and certain small factories in the boot and shoe trade have had to close down. Unemployment has increased far above what might be expected during the usual seasonal depression.

There has been a complete lack of interest on the Stock Exchange and the downward tendency in prices still persists. Belgian Government Bonds continue to be in demand.

Brussels.—The uncertainty as regards iron and steel prices still prevails. Prices tend to sag owing to concessions made privately. There is also some concern as to whether the Cartel will be renewed. This uncertainty is reflected in the weak demand from consumers.

There is little change to report in the coal trade. The recent cold weather created a somewhat better demand for domestic qualities, but demand for industrial fuel is shrinking. Competition for foreign coal remains keen.

Germany

Full employment in industry continues. During January seasonal unemployment rose only from 995,000 to 1,052,000, compared with 1,850,000 at the end of January, 1937. No residues of the depression remain, but there are still great disparities of production, consumption and income. The increase in savings is smallest in purely industrial areas, and greatest in agricultural areas. Retail sales in both 1936 and 1937 exceeded the level of previous years. The 1937 figures were 45 per cent. above the 1933 level, sales of motor cars being 125 per cent. higher and furniture sales 105 per cent. higher. Sales of textiles and wireless sets have increased by 151 per cent. The expansion in the sales of foodstuffs is only 29 per cent. and in drugs 27 per cent., but this is because the demand for these commodities is relatively inelastic.

Foreign trade increased considerably between 1936 and 1937. Imports rose from Rm.4,298 millions to Rm.5,468 millions, and exports from Rm.4,768 millions to Rm.5,911 millions. The export surplus of Rm.433 millions was lower than in 1936. In January, 1938, low exports of finished goods are the explanation of an import surplus of Rm.37 millions.

Holland

Compared with the world, conditions in the Netherlands are not developing unfavourably. The number of unemployed is still large at 435,717, but it is smaller than the figure of 466,242 for January, 1937. Opportunities of employment are now considerable in the shipbuilding industry. Old orders have been completed, but new orders will provide work for some time to come, and the prices yield a profit, as a result of the drop in the cost of raw materials.

With the single exception of foodstuffs, wholesale prices are still declining. The following are the main index numbers :

INDEX NUMBERS OF WHOLESALE PRICES (1926/30 = 100)

			Foodstuffs	Raw Materials, etc.	Manufactured Products	General Index Number
1931	...	...	71.0	62.2	83.9	76.3
1935	...	...	65.4	43.0	66.6	61.5
1936	...	...	66.4	49.9	67.6	63.8
1937	...	...	75.8	69.3	78.7	76.2
September, 1936	...	...	65.8	48.4	66.1	62.6
January, 1937	...	...	73.3	69.3	74.2	73.0
December, 1937	...	...	78.8	62.4	78.8	75.6
January, 1938	...	...	79.0	61.8	78.1	75.2

The rise in wholesale food prices is reflected in an increase in the cost of living. To meet this, wage increases of from 7 to 10 per cent. have been granted in some industries. There have been no labour troubles.

As one consequence of the present official monetary policy, which has recently been the subject of discussion, money remains extremely easy. This has induced the big insurance companies, the controllers of pension funds, and other large investors to consider joint action to prevent interest rates from being forced down. In consequence, recent municipal loans have not been so successful as those issued previously, while there has also been a diminution in the number of conversion operations.

Norway

The latest trade returns are summarised below :—

		Jan., 1937	Dec., 1937	Jan., 1938
		Kr. mill.	Kr. mill.	Kr. mill.
Imports	... ..	91·6	99·4	96·2
Exports	... ..	63·2	86·2	77·2
		<hr/> 28·4	<hr/> 13·2	<hr/> 19·0

The wholesale price-index for February 15th, 1938, is 157 (1913=100). This represents a further decline of one point since January. The general index number of the cost of living for January 15th, 1938, was unchanged from the three preceding months at 171 (July 1914=100). The number of unemployed persons on January 15th was 33,046, against 33,906 the preceding month, and 35,435 in January, 1937. The monthly index of industrial production (1935=100, adjusted for the varying number of working days) is summarised in the following table :—

Year	Home Market Industries		Export Industries		Total of Industries	
	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.
1934 ...	97	92	104	109	100	98
1935 ...	106	104	115	103	109	104
1936 ...	122	115	113	111	119	114
1937 ...	135	121	137	123	136	121

The average index number for 1937 works out at 122·5, which is 10·6 per cent. higher than in 1936. The expansion was most noticeable in the industries working for the home market and also in the capital industries.

Sweden

The anticipated stability of timber prices was broken by the low prices quoted for the first Russian offerings on the English market. The unsettled state of the freight market is also tending to narrow the margin between Russian prices and the previous Swedish prices, but some reduction is thought to be certain. The market is naturally quiet, and will remain so, as most importers already have heavy stocks on hand. In Holland there has been a suggestion of prohibiting further imports until June, so as to reduce the large stocks now on hand, but the Danish market has been somewhat eased by the Danish Exchange Council's decision to waive all restrictions.

Swedish sales up to mid-February amounted to 175,000 standards.

Stagnation persists in the paper pulp market. Chemical pulp sales are practically at a standstill. Unsettled world conditions are preventing enquiries for 1939, and sellers are unwilling to force the pace. The mechanical pulp market is likewise quiet, but demand for prompt shipment is comparatively good, prices being satisfactory.

The paper market is unchanged. Buyers have large stocks on hand and can wait. Sellers are forced to maintain prices owing to the increased costs of raw materials and labour. Lately there has been a substantial increase in wages, and in an attempt to counteract it mills have reduced output.

The Swedish iron market is unsteady. In some quarters demand has again increased, so that delivery dates have been put off for as much as five weeks. January's iron imports declined to 37,700 tons, or 39,000 tons less than in January, 1937. Pig-iron exports and raw materials were almost unchanged at 26,000 tons. Domestic consumption of rolled and forged iron and steel was 53,000 tons against 92,000 in January, 1937, and production was only 41,000 tons against 58,000. Prices are unstable and foreign competition is keen.

Denmark

During the month to the middle of February the foreign exchange holdings of the National Bank increased from Kr.75·3 to Kr.89·8 millions. Banking results for 1937 have been satisfactory and many banks have increased their dividends. Many industrial dividends are also higher, in spite of increased taxation. Imports for 1937 totalled Kr.1,697·4 millions, or an increase of Kr.211·4 millions over 1936. Exports, including re-exports, totalled Kr.1,606·2 millions, or an increase of Kr.226·6 millions. The 1937 import surplus of Kr.91·2 millions compares with one of Kr.106·4 for 1936. All kinds of wood, except beech wood, were recently transferred to the free list of imports, and it is expected that the release of paper and allied articles will follow.

Butter is quoted Kr.12 lower at Kr.226. This price is still Kr.24 higher than it was a year ago. Eggs have risen in the month from Kr.110 to Kr.116, and bacon from Kr.172 to Kr.174.

At the end of January 29.9 per cent.—or 132,457 men—of all registered workers were unemployed, compared with 34.6 per cent. at the end of December.

The wholesale price index in January fell a point to 119 (1935=100). The index for exported articles fell from 123 to 113, and that for imported articles from 126 to 125. State employees have been granted a further increase in their salaries, and this will necessitate new taxation.

A Bill is to be introduced imposing a special progressive tax on all interest earnings from investments. It is calculated that the yield will be about Kr.25 millions. The proceeds will be used for relief measures designed to reduce agricultural indebtedness, and also for public works.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

The exchange on London has remained steady. Swiss bonds have maintained their high prices, while shares have tended to weaken owing to the state of the international share markets. Nestlé shares, however, have maintained their prices. The Government has called for the repayment on April 30th, 1938, at par, of two Swiss Federal Railway Loans, totalling some Frs. 400 millions. It is not yet known whether the Government will repay this out of available cash resources or issue a new loan. An example of the easiness of money is shown in the latest accounts of the Swiss National Bank. These show a reduction in the discount profits from Frs. 3,304,000 in 1936 to Frs. 365,000 in 1937.

Conditions in the winter sports resorts were favourable during February. There was plenty of snow and the weather was still cold.

Morocco

From the Bank of British West Africa Limited

Business conditions in the French zone of Morocco have been disturbed by the high discount on the forward franc and by anticipations of new Tariffs, which have accentuated the usual pre-harvest inactivity. Agricultural prospects continue favourable in most parts of the country, though more

rain would be welcome, especially in the south. Imports have recently been on the heavy side, including green tea, textiles, and hardware, but the market is not considered to be overstocked. Prices for Japanese goods are weaker, but green tea is firmer, owing to the uncertainty regarding new crops in China. The French zone is now exporting olive oil, Italy being a large buyer. Grain prices are weak except for maize and seeds, and eggs are cheaper on a diminishing French demand. Preliminary trade returns for the year 1937 show imports at Frs.1,766 millions, exports at Frs.1,151 millions.

Customs receipts in 1937 totalled Frs.492.4 millions, against Frs.366 millions in 1936, sugar contributing the largest proportion, Frs.176.4 millions, followed by petrol and paraffin Frs.53.5 millions. It is anticipated that payment of customs duty in kind will be abolished finally this year.

The United States

So far there seems to be little evidence of any real movement towards recovery. Most business indicators still show a downward tendency, and all that can be said is that the rate of decline is now quite slow. There has, however, been a sharp rise in the volume of business failures. Insolvencies in January involved commitments of over \$15 millions, against \$13.3 millions in December and only \$8.6 millions in January, 1937. There were also 59 bank failures in 1937, compared with 44 in 1936 and 57 in 1934. In spite of the powers conferred on the Housing Administration to make grants to local authorities for slum clearance, amounting to 90 per cent. of the cost of the work involved, no local authority has yet undertaken any such scheme. Residence building for private account is almost at a standstill, so that the United States has not had the benefit of intense building activity, which proved a leading factor in the British trade recovery.

The raw sugar market has been dull and weak, but prices for granulated sugar have been maintained. The rubber market has failed to respond to the recent reduction in the export quota, and the tyre industry is also passing through its usual "mid-season" period of quietness. The recent improvement in the price of copper was very short-lived. January home sales were slightly below those of the previous month, but foreign buying is said to be still good.

During January the number of blast furnaces in action was reduced from 95 to 91, and output per day fell from 48·075 tons in December to 46,100 tons in January. The steel industry was working at just over 29 per cent. of capacity during January as a whole, but the rate rose to 31 per cent. at the end of the month. The outlook for the steel industry is very obscure, with rumours of an impending reduction in the price of certain types of steel.

In spite of the debates on the Farm Bill, speculation in cotton futures has only been moderately active. One clause in the Bill provides for a subsidy of 2 cents per lb. for cotton growers, while another debars the Commodity Credit Corporation from selling its loan cotton until some date in 1939 unless it can sell at a price covering the loan and all expenses. It is not clear whether, under certain conditions, the farmer can obtain his subsidy on cotton already lodged as collateral under the loan scheme, but this point is obviously of some importance. Up to February 3rd, Government loans of \$214 millions had been granted on 4,884,000 bales of cotton, equivalent to a valuation of 8·38 cents per lb.

There has been no improvement in the cotton textiles trade. The mills have been able to maintain their reduced production schedules and so are not ready to consider price concessions.

South America

From the Bank of London and South America Limited.

Argentina.—January exports show a marked decline below those of the previous years, the actual returns being 282 million pesos for January, 1937, and only 146 million pesos for January, 1938. In particular wheat shipments have shrunk from 87 to 31 million pesos, and maize shipments from 60 to only 9 million pesos. Very little business in maize has recently been passing, as the stocks of the old crop are now nearly at an end, while owing to the damage caused by the drought there is considerable uncertainty over the coming harvest. Imports remain considerable, owing to the fulfilment of orders placed during the period of prosperity a year ago, but the market in imported cotton goods is heavily overstocked, and orders for the next summer season have only been placed very sparingly.

The official import rate for the peso is unchanged at 16·12 pesos to the pound, including commission, but the free rate has been at times over 19 pesos to the pound.

Brazil.—The cotton market remains firm, but the coffee market has eased again after its slight improvement early in February. Business generally remains quiet, with imports on a restricted scale. As from February 16th the Banco de Brazil is making a further distribution of exchange cover, for delivery within sixty days, in payment of foreign import bills which fell due up to February 7th, provided that deposits in milreis had been duly effected at the stipulated provisional rate. Such deposits continue to be made on the basis of Rs.17\$600 per United States dollar, equal to Rs.88\$510 to the pound.

Chile.—The exchange rate on New York in the export exchange market remains at 25 pesos per dollar, which makes the rate in London 125·50 pesos to the pound. The exchange position, however, is becoming increasingly difficult. The produce markets have been quiet, but the demand for cereals has been well maintained.

Japan

A recent cable states that production is still being maintained except in the textile trades. Prices are rising. The price of white shirting, in particular, jumped disturbingly, as a result of speculation. Retail trade has revived. Export trade is still discouraging. Imports also are well below the 1937 level. Cotton and wool imports have been drastically reduced. Money is plentiful, and Government bonds sell well. A slight set-back occurred in the Stock Market, but the undertone is steady.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
" " 1932	360·5	11·0	240·9	19·3	3·8	275·0	120·8
" " 1934	378·8	11·0	245·4	0·1	3·5	260·0	191·1
" " 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
" " 1936	406·5	11·0	246·5	1·5	1·0	260·0	200·6
" " 1937	473·8	11·0	187·0	2·0	—	200·0	313·7
Feb. 16, 1938	474·1	11·0	188·3	0·7	—	200·0	326·4
Feb. 23, 1938	474·5	11·0	188·3	0·7	—	200·0	326·4

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Secur- ities.	Discounts and Advances.	Other Secur- ities.	Reserve.	Propor- tion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
" " 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
" " 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
" " 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
" " 1936	18·0	83·6	37·0	80·3	5·0	16·7	54·9	39·6
" " 1937	52·2	62·3	38·5	100·5	7·1	22·9	40·8	27·7
Feb. 16, 1938	15·8	106·4	35·5	97·9	6·2	18·8	53·0	33·6
Feb. 23, 1938	16·7	105·6	35·5	97·4	6·5	19·5	52·6	33·3

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Accept- ances, Guaran- tees, etc.	Cash.	Balances and Cheques.	Call and Short Money.	Bills.	Invest- ments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
" 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
" 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
" 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
" 1936*	2,108·3	105·2	216·7	53·8	162·4	252·0	635·1	849·2
" 1937*	2,244·2	122·5	225·8	62·7	169·8	247·8	667·4	934·4
Dec., 1937*	2,330·4	114·2	244·3	72·9	163·1	300·1	634·7	979·1
Jan., 1938*	2,329·4	111·3	250·9	60·7	153·7	331·3	635·6	965·5

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing	Metropolitan Clearing	Country Clearing	Total
	£ mn.	£ mn.	£ mn.	£ mn.
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1936	35,039	2,040	3,538	40,617
1937	36,719	2,162	3,805	42,686
1937 to Feb. 24	6,017	351	607	6,975
1938 to Feb. 23	5,309	343	606	6,258
1937, Feb. (4 weeks) ...	3,142	172	299	3,613
1938, Feb. (4 weeks) ...	2,643	171	298	3,112

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1929	Mar., 1932	Mar., 1933	Mar., 1934	Mar., 1935	Mar., 1936	Mar., 1937	Dec., 1937	Jan., 1938
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham...	11.9	9.0	9.7	11.3	9.6	10.7	11.3	12.1	12.5
Bradford ...	5.9	3.4	3.3	4.2	3.8	4.7	4.6	3.8	3.9
Bristol ...	5.3	4.9	5.0	5.4	4.9	5.5	5.5	5.5	5.5
Hull... ..	4.0	3.0	3.2	3.2	3.2	3.4	4.0	3.7	4.3
Leeds ...	4.4	3.8	3.8	4.4	4.3	3.9	4.8	4.0	5.3
Leicester ...	3.6	3.1	3.1	3.3	2.8	3.1	3.3	3.2	3.5
Liverpool ...	34.2	25.6	25.6	26.8	25.8	27.5	35.8	26.3	25.9
Manchester...	58.0	42.5	42.1	46.1	42.8	44.9	50.7	44.1	46.7
Newcastle-on-Tyne ...	6.5	5.7	6.5	6.9	5.5	5.7	6.3	6.7	7.3
Nottingham	2.8	1.9	1.9	2.0	2.0	2.1	2.3	2.2	2.5
Sheffield ...	4.6	3.3	3.5	3.6	3.4	4.3	6.0	5.1	5.7
	141.2	106.2	107.7	117.2	108.1	115.8	134.6	116.7	123.1

LONDON AND NEW YORK MONEY RATES

	LONDON					New York		
	Bank Rate	Treasury Bills		3 Months' Bank Bills	Short Loans	F.R.B. Re-discount Rate	Call. Money	Acceptances
		Tender Rate	Market Rate					
End March, 1931	Percent. 3	Percent. 2 $\frac{1}{2}$	Percent. 2 $\frac{1}{16}$ -2 $\frac{1}{8}$	Percent. 2 $\frac{1}{8}$ -2 $\frac{1}{4}$	Percent. 2-2 $\frac{1}{2}$	Percent. 2	Percent. 1 $\frac{1}{2}$	Percent. 1 $\frac{1}{2}$
" " 1932	3 $\frac{1}{2}$	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$ -2 $\frac{3}{4}$	2-3	3	2 $\frac{1}{2}$	2 $\frac{1}{2}$
" " 1934	2	2 $\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ -1	1 $\frac{1}{2}$	1	$\frac{1}{2}$
" " 1935	2	$\frac{1}{2}$	$\frac{1}{2}$ -1 $\frac{1}{2}$	$\frac{1}{2}$ -1	$\frac{1}{2}$ -1	1 $\frac{1}{2}$	1	$\frac{1}{2}$
" " 1936	2	$\frac{1}{2}$	$\frac{1}{2}$ -1 $\frac{1}{2}$	$\frac{1}{2}$ -1 $\frac{1}{2}$	$\frac{1}{2}$ -1	1 $\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
" " 1937	2	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ -1 $\frac{1}{2}$	$\frac{1}{2}$ -1	1 $\frac{1}{2}$	1	$\frac{1}{2}$
Jan. 26th, 1938	2	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ -1 $\frac{1}{2}$	$\frac{1}{2}$ -1	1	1	$\frac{1}{2}$
Feb. 23rd, 1938	2	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ -1 $\frac{1}{2}$	$\frac{1}{2}$ -1	1	1	$\frac{1}{2}$

FOREIGN EXCHANGES

London on	1936	1937	1938				
	Feb. 26	Feb. 24	Jan. 26	Feb. 2	Feb. 9	Feb. 16	Feb. 23
New York—							
(a) Spot ...	4.99 $\frac{3}{4}$	4.89 $\frac{3}{4}$	4.99 $\frac{1}{2}$	5.00 $\frac{1}{2}$	5.01 $\frac{1}{2}$	5.03 $\frac{3}{4}$	5.01 $\frac{1}{2}$
(b) 3 months ...	$\frac{3}{4}$ c. p.m.	$\frac{1}{2}$ c. p.m.	$\frac{3}{4}$ c. p.m.	$\frac{3}{4}$ c. p.m.	$\frac{1}{2}$ c. p.m.	$\frac{1}{2}$ c. p.m.	$\frac{3}{4}$ c. p.m.
Montreal ...	4.98 $\frac{1}{2}$	4.89	4.99 $\frac{1}{2}$	5.00 $\frac{1}{2}$	5.00 $\frac{1}{2}$	5.03 $\frac{1}{2}$	5.01 $\frac{1}{2}$
Paris—							
(a) Spot ...	74 $\frac{1}{2}$	105 $\frac{1}{2}$	153 $\frac{1}{2}$	152 $\frac{1}{2}$	152 $\frac{1}{2}$	152 $\frac{1}{2}$	153 $\frac{1}{2}$
(b) 3 months ...	Fr. 1 $\frac{1}{2}$ dis.	Fr. 2 $\frac{1}{2}$ dis.	Fr. 7 dis.	Fr. 6 $\frac{1}{2}$ dis.	Fr. 6 $\frac{1}{2}$ dis.	Fr. 6 dis.	Fr. 5 $\frac{1}{2}$ dis.
Berlin—							
(a) Official ...	12.29	12.16	12.41	12.41	12.41 $\frac{1}{2}$	12.42	12.40
(b) Registered Marks	43 $\frac{1}{2}$ % dis.	51 $\frac{1}{2}$ % dis.	46 $\frac{1}{2}$ % dis.	47 $\frac{1}{2}$ % dis.	48% dis.	49% dis.	49 $\frac{1}{2}$ % dis.
Amsterdam ...	7.27 $\frac{1}{2}$	8.93 $\frac{1}{2}$	8.96 $\frac{1}{2}$	8.96 $\frac{1}{2}$	8.96 $\frac{1}{2}$	8.96 $\frac{1}{2}$	8.96 $\frac{1}{2}$
Brussels ...	29.32	29.02 $\frac{1}{2}$	29.60 $\frac{1}{2}$	29.57 $\frac{1}{2}$	29.55	29.57 $\frac{1}{2}$	29.56
Milan ...	62 $\frac{1}{2}$	92 $\frac{1}{2}$	94 $\frac{1}{2}$	95 $\frac{1}{2}$	95 $\frac{1}{2}$	95 $\frac{1}{2}$	95 $\frac{1}{2}$
Zurich ...	15.11 $\frac{1}{2}$	21.44	21.63 $\frac{1}{2}$	21.61 $\frac{1}{2}$	21.60 $\frac{1}{2}$	21.60 $\frac{1}{2}$	21.59 $\frac{1}{2}$
Stockholm ...	19.39 $\frac{1}{2}$	19.39 $\frac{1}{2}$	19.40	19.40	19.40	19.40	19.40 $\frac{1}{2}$
Madrid ...	36 $\frac{3}{4}$	72.00*	90*	90*	90*	90*	90*
Vienna... ..	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$
Prague ...	119 $\frac{1}{2}$	140 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$
Buenos Aires—							
(a) Export ...	15	15	15	15	15	15	15
(b) Import ...	17.03	16.00	16.00	16.00	16.00	16.00	16.00
(c) Free ...	18.07 $\frac{1}{2}$	16.34	17.02	18.13	18.60	18.95	19.00
Rio de Janeiro—							
(a) Official ...	57s430	55s700	—	—	—	—	—
(b) Free ...	85s750	80s000	86s500	88s100	88s200	88s500	88s300
Valparaiso ...	128	131 $\frac{1}{2}$	124.93*	125.28*	125.28*	125.71*	125.40*
Bombay ...	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.
Hong Kong ...	15 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	15d.	15d.	15d.	15d.	15d.
Kobe ...	1/1 $\frac{3}{4}$	1/2	1/2	1/2	1/2	1/2	1/2
Shanghai ...	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.
Gold price ...	141s. 0 $\frac{1}{2}$ d.	142s. 2 $\frac{1}{2}$ d.	139s. 7 $\frac{1}{2}$ d.	139s. 9d.	139s. 8d.	139s. 9d.	139s. 10 $\frac{1}{2}$ d.
Silver price ...	19 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20d.	20 $\frac{1}{2}$ d.

* Nominal.

PUBLIC REVENUE AND EXPENDITURE

	1933-4	1934-5	1935-6	1936-7	1936-7 to Feb. 20	1937-8 to Feb. 19
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
REVENUE—						
Income Tax	228.9	228.9	238.1	257.2	203.0	231.5
Sur-Tax	52.6	51.2	51.0	53.6	35.6	38.4
Estate Duties	85.3	81.3	87.9	88.0	76.3	79.0
Stamps	22.7	24.1	25.8	29.1	22.2	18.8
National Defence Contribution	—	—	—	—	—	0.4
Customs	179.2	185.1	196.6	211.3	186.3	195.6
Excise	107.0	104.6	106.7	109.5	100.8	104.5
Motor Vehicle Duties (Exchequer Share) ...	5.2	5.1	5.0	5.3	32.1*	33.9
Other Tax Revenue ...	2.6	3.1	2.1	1.7	1.0	1.4
Total Tax Revenue	683.5	683.4	713.2	755.7	658.3	703.5
Post Office (Net Receipt) ...	13.1	12.2	11.7	11.0	14.7	14.6
Post Office Fund	—	—	—	0.1	—	—
Crown Lands	1.2	1.3	1.4	1.4	1.3	1.2
Receipts from Sundry Loans	4.7	4.4	4.9	4.5	4.5	5.2
Miscellaneous Receipts ...	22.1	15.1	21.7	24.6	16.6	11.6
Total Non-Tax Revenue ...	41.1	33.0	39.7	41.6	37.1	32.6
Total Ordinary Revenue ...	724.6	716.4	752.9	797.3	695.4	736.1
Post Office	59.3	61.8	66.1	71.9	—	—
Road Fund	25.5	26.4	25.8	27.4	—	—
Total Self-balancing Revenue...	84.8	88.2	91.9	99.3	61.1	64.3
EXPENDITURE—						
National Debt Interest ...	212.9	211.6	211.5	210.9	199.8	203.7
Payments to N. Ireland ...	6.6	6.8	7.2	8.0	5.8	6.4
Other Cons. Fund Services...	4.1	3.6	5.7	3.2	2.8	2.9
Post Office Fund	—	2.3	1.1	0.4	0.4	—
Supply Services	458.8	472.2	512.0	567.2	511.1*	545.2
Total Ordinary Expenditure ...	682.4	696.5	737.5	789.7	719.9	758.2
Sinking Fund	7.7	12.3	12.5	13.1	7.4	7.6
Payments to U.S. Govt. ...	3.3	—	—	—	—	—
Self-balancing Expenditure (as per contra)	84.8	88.2	91.9	99.3	61.1	64.3

* Motor Vehicle Duties apportioned to Road Fund, treated as self-balancing in 1936-37, now added to Revenue and Expenditure figures for purposes of comparison.

PRODUCTION

				Coal	Pig-Iron	Steel
				Tons mill.	Tons thous.	Tons thous.
Total 1913	...	...	...	287·4	10,260	7,664
" 1925	...	...	...	243·2	6,262	7,385
" 1929	...	...	...	257·9	7,589	9,636
" 1930	...	...	...	243·9	6,192	7,326
" 1931	...	...	...	219·5	3,773	5,203
" 1932	...	...	...	208·7	3,574	5,261
" 1933	...	...	...	207·1	4,136	7,024
" 1934	...	...	...	221·0	5,969	8,850
" 1935	...	...	...	222·9	6,426	9,842
" 1936	...	...	...	228·5	7,686	11,705
" 1937	...	...	...	241·2	8,497	12,964
January, 1937	...	...	...	19·5	651	999
January, 1938	...	...	...	20·8	761	1,081

BOARD OF TRADE PRODUCTION INDEX NUMBER
(1930 = 100)

	Complete Year		1936	1937			
	1936.	1937.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.
Mines and Quarries	94·4	99·8	99·0	99·4	100·5	95·6	103·9
Iron and Steel	150·1	166·7	155·6	158·1	165·6	165·5	177·6
Non-Ferrous Metals	143·8	165·3	154·0	154·4	166·7	173·7	166·2
Engineering and Shipbuilding	123·3	136·2	132·4	136·4	138·2	134·9	135·2
Building Materials and Building	157·1	153·3	157·3	148·5	155·9	160·3	148·4
Textiles	126·4	129·8	130·2	130·1	135·1	127·5	126·3
Chemicals, Oils, etc.	115·4	124·0	120·6	121·8	125·9	123·3	125·1
Leather and Boots and Shoes	120·7	118·8	119·6	120·6	121·3	117·7	115·6
Food, Drink and Tobacco ...	114·5	120·3	121·2	111·2	124·9	120·3	124·5
Total*	124·6	133·1	131·7	131·3	133·8	130·4	136·8

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date	1929	1931	1932	1934	1935	1936	1937	1938
End of—								
January	12.3	21.5	22.4	18.6	17.6	16.2	12.4	13.3*
February	12.1	21.7	22.0	18.1	17.5	15.3	12.0	
March	10.0	21.5	20.8	17.2	16.4	14.2	11.6	
April	9.8	20.9	21.4	16.6	15.6	13.6	10.5	
May	9.7	20.8	22.1	16.2	15.5	12.8	10.7	
June	9.6	21.2	22.2	16.4	15.4	12.8	10.0	
July	9.7	22.0	22.8	16.7	15.3	12.4	10.1	
August	9.9	22.0	23.0	16.5	14.9	12.0	9.9	
September	10.0	22.6	22.8	16.1	15.0	12.1	9.7*	
October	10.3	21.9	21.9	16.3	14.5	12.0	10.2*	
November	10.9	21.4	22.2	16.3	14.5	12.0	11.0*	
December	11.0	20.9	21.7	16.0	14.1	12.0	12.2*	

* New Basis.

(b) Actual Numbers Employed and Unemployed (in thousands)

	Mar., 1932	Mar., 1934	Mar., 1935	Mar., 1936	Jan., 1937	Mar., 1937	Dec., 1937	Jan., 1938
Number employed ...	9,549	10,058	10,200	10,689	11,163	11,310	11,437	11,309
Wholly unemployed	2,129	1,814	1,727	1,551	1,415	1,330	1,280	1,400
Temporarily stopped	427	317	324	240	188	170	326	352
Normally in casual employment ...	104	94	92	88	74	76	59	66
Total unemployed ...	2,660	2,225	2,143	1,879	1,677	1,576	1,665	1,818

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 7 weeks			
	Feb., 21, 1937		Feb., 20, 1938		1937		1938	
	Pas- sengers	Goods	Pas- sengers	Goods	Pas- sengers	Goods	Pas- sengers	Goods
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0.6	1.2	0.6	1.3	1.1	2.1	1.1	2.3
London & North Eastern* ...	1.0	2.4	1.0	2.5	1.7	4.1	1.8	4.3
London Midland & Scottish ...	1.5	3.1	1.6	3.2	2.6	5.3	2.7	5.5
Southern ...	1.0	0.4	1.0	0.4	1.8	0.7	1.8	0.7
Total ...	4.1	7.1	4.2	7.4	7.2	12.2	7.4	12.8

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Jan., 1935	Jan., 1936	Jan., 1937	Dec., 1937	Jan., 1938
By CATEGORIES: Great Britain	%	%	%	%	%
Total	+ 4.2	+10.8	+ 2.4	+ 8.3	+ 6.2
Food and Perishables	+ 4.3	+12.7	+ 3.5	+10.0	+ 8.2
Other Merchandise of which					
Piece-goods*	- 2.8	+ 1.8	- 3.0	+ 1.3	+ 4.4
(i) Household Goods	- 1.5	+ 5.3	- 0.4	+ 0.7	+ 0.6
(ii) Dress Materials	- 3.8	- 1.6	- 5.4	+ 0.9	+ 8.4
Women's Wear*	+ 3.1	+10.0	- 2.6	+ 9.3	+ 8.2
(i) Fashion Departments	+ 7.1	+15.3	- 6.9	+15.6	+13.5
(ii) Girls' and Children's Wear	+ 3.8	+ 2.4	+ 2.3	+10.2	+ 7.5
(iii) Fancy Drapery	Nil	+ 6.7	+ 0.7	+ 5.5	+ 4.7
Men's and Boys' Wear	+ 7.2	+11.8	+ 8.5	+ 5.3	+ 5.2
Boots and Shoes	+ 9.2	+10.0	- 1.7	+12.7	+ 4.7
Furnishing Departments	+ 3.9	+ 4.9	+ 3.4	Nil	- 0.5
Hardware	- 0.6	+ 7.9	+ 0.1	- 0.2	+ 3.9
Fancy Goods	+ 5.5	+ 7.8	+ 9.6	+ 5.5	- 2.5
Sports and Travel	+ 7.8	+ 8.4	+ 7.5	+ 4.3	+ 2.3
Miscellaneous and Unallocated	+ 4.3	+13.5	- 2.8	+ 9.0	+ 6.4
By AREAS—					
All Categories—					
Scotland	+ 6.9	+11.6	+ 1.7	+ 7.6	+ 8.6
North-East	—	—	—	+ 9.0	+ 7.1
North-West	—	—	—	+ 8.8	+ 6.6
Midlands & South Wales	—	—	—	+12.3	+ 7.6
South of England	+ 4.6	+12.0	—	+ 9.3	+ 7.3
London, Central & West End	+ 3.0	+ 7.4	- 2.3	- 0.9	+ 1.2
London, Suburban	+ 5.2	+13.0	+ 3.4	+10.4	+ 5.4

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date	IMPORTS				EXPORTS			
	Food	Raw Materials	Manufactured Goods	Total	Food	Raw Materials	Manufactured Goods	Total
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1929	44.6	28.3	27.9	101.7	4.6	6.6	47.8	60.8
1930	39.6	20.9	25.6	87.0	5.3	5.3	36.7	47.6
1931	34.7	14.4	21.8	71.8	3.0	3.9	24.3	32.6
1932	31.1	13.7	13.1	58.5	2.7	3.6	23.0	30.4
1933	28.3	15.0	12.6	56.3	2.4	3.8	23.4	30.6
1934	28.9	17.5	14.3	61.0	2.5	4.0	25.4	33.0
1935	29.6	17.7	15.4	63.0	2.6	4.4	27.4	35.5
1936	31.9	20.7	17.7	70.7	3.0	4.3	28.4	36.7
1937	36.0	26.3	22.9	85.7	3.2	5.4	33.7	43.5
Jan., 1937	32.0	25.7	17.6	75.7	3.0	5.1	29.9	39.1
Jan., 1938	36.2	25.7	22.5	85.0	3.0	4.7	32.6	41.2

SOME LEADING IMPORTS

Date	Wheat	Iron Ore and Scrap	Raw Cotton	Raw Wool	Hides, Wet and Dry	Wood Pulp	Rubber	Iron and Steel Manufactures
Monthly Average—	(thous. cwt.)	(thous. tons)	(thous. cents of 100 lbs.)	(thous. cents of 100 lbs.)	(thous. cwt.)	(thous. tons)	(thous. cents of 100 lbs.)	(thous. tons)
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,552	392	1,052	657	116	187	395	114
1935	8,435	415	1,060	720	141	185	325	96
1936	8,401	587	1,289	762	157	198	116	124
1937	8,074	669	1,382	653	157	149	254	170
Jan., 1937	5,304	472	1,621	926	119	143	86	83
Jan., 1938	6,526	837	1,487	834	124	167	399	309

SOME LEADING EXPORTS

Date	Coal	Iron and Steel	Machinery	Cotton Yarns	Cotton Piece-Goods	Woollen Tissues	Worsted Tissues	Motor Cars
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1929	5,022	365	47	11.8	306	9,016	3,490	1,991
1930	4,573	263	40	11.1	201	6,587	2,893	1,602
1931	3,563	165	27	11.4	143	4,694	2,479	1,429
1932	3,242	157	25	13.9	183	4,461	2,358	2,246
1933	3,256	160	23	15.8	169	5,110	2,741	2,821
1934	3,305	188	28	10.9	166	5,745	2,772	2,904
1935	3,226	193	32	11.8	162	5,934	3,205	3,659
1936	2,878	184	32	12.6	160	6,523	3,304	4,268
1937	3,363	215	37	13.3	160	6,653	3,583	4,468
Jan., 1937	2,987	215	30	13.8	161	7,848	3,980	4,778
Jan., 1938	2,983	191	42	10.8	138	6,663	3,765	4,410

PRICES

1. WHOLESALE PRICES

Date	Index Number (Sept. 16th, 1931=100)				
	U.K.	U.S.A.	France	Italy	Germany
Average 1929 ...	150.9	139.4	141.3	146.0	126.1
1931 ...	107.7	103.5	105.5	103.5	101.9
1932 ...	103.5	89.3	92.0	93.1	88.7
1933 ...	103.5	93.7	87.7	86.6	85.7
1934 ...	106.4	111.1	83.1	84.2	90.4
1935 ...	108.1	120.3	78.4	97.2	93.5
1936 ...	116.2	121.4	90.6	112.5	95.6
1937 ...	134.6	131.5	127.0	133.4	97.3
End Jan., 1937 ...	130.3	131.0	115.9	—	95.7
" Feb., 1937 ...	131.5	131.8	116.6	—	96.2
" Jan., 1938 ...	127.1	120.5	138.3	143.5	96.9
" Feb., 1938 ...	125.4	120.3	138.1	142.4	97.1

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (cost of living)

Date	Food	Rent (including Rates)	Clothing	Fuel and Light	Other Items included	All Items included
End of 1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70-75	70-75	42
1933 ...	24	56	85	70-75	70-75	42
1934 ...	25	56	85-90	70-75	70-75	44
1935 ...	31	58	85	75	70	47
1936 ...	36	59	90-95	75-80	70	51
End Jan., 1937 ...	35	59	95	75-80	70-75	51
" Dec., 1937 ...	45	59	110	80-85	75	59
" Jan., 1938 ...	42	59	110	80-85	75	57

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba	Sugar Centrifugals U.K.	Cotton American Middling	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash	Rubber Plantation Sheet
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton s. d.	per lb. d.
Average 1929 ...	54 0½	9 0½	10.29	38½	70 4½	203½	10½
1931 ...	28 2½	6 4½	5.08	23½	58 7	118½	3½
1932 ...	30 6½	5 9½	5.29	22½	58 6	136½	2½
1933 ...	28 2	5 4	5.53	28½	62 3	194½	3½
1934 ...	30 11	4 8½	5.66	30½	66 10½	230	6½
1935 ...	34 3½	4 8	6.69	28	67 10	225½	5½
1936 ...	38 0	4 8½	6.67	32½	73 0	204½	7½
1937 ...	53 11½	6 4½	6.37	35½	91 10	243½	9½
Feb., 1937 ...	51 6½	6 2½	7.28	35½	81 0	232½	10½
Jan., 1938 ...	59 6	6 1	4.93	27½	109 0	185½	7½
Feb., 1938 ...	58 7½	5 4½	5.03	26½	109 0	184½	7½

LLOYDS BANK

LIMITED

Head Office : 71 Lombard Street, London, E.C.3



Chairman

THE RT. HON. LORD WARDINGTON

Deputy Chairman

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Vice-Chairman

FRANCIS A. BEANE

Chief General Manager

G. F. ABELL

Joint General Managers

W. G. JOHNS, D.S.O., R. A. WILSON, SYDNEY PARKES, S. P. CHERRINGTON

Statement of Accounts

31st December, 1937

LIABILITIES

£

Paid-up Capital	15,810,252
Reserve Fund	9,500,000
Current, Deposit, and other Accounts	411,276,045
Acceptances	3,609,820
Endorsements, Guarantees, and other Obligations	24,902,145

ASSETS

Cash in hand, and with the Bank of England	43,841,442
Balances with and Cheques on other Banks in the British Isles	17,441,844
Money at Call and Short Notice	24,541,244
Balances with Banks Abroad	2,625,042
Bills Discounted	43,017,115
Investments at or under Market Value	114,002,646
Investments in Subsidiary and Auxiliary Companies :—	
The National Bank of Scotland Ltd.	2,925,118
Lloyds & National Provincial Foreign Bank Ltd.	600,000
Indian Premises Company Ltd.	54,502
Loans and Advances	170,844,025
Other Assets and Accounts	9,164,531
Bank Premises	7,528,788
Liabilities of Customers for Acceptances, &c.	28,511,965

Offices throughout England and Wales, and others in India and Burma

Printed in England.

CAUSTON
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